

**SSgA FUNDS**  
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Boston, Massachusetts 02110  
1-800-997-7327  
www.ssgafunds.com

**S&P 500 INDEX FUND**

**As with all mutual funds, the Securities and Exchange Commission has neither determined that the information in this prospectus is accurate and complete, nor approved or disapproved of these securities. Any representation to the contrary is a criminal offense.**

The S&P 500 Index Fund seeks to replicate the total return of the Standard & Poor's 500 Composite Stock Price Index.

**"S&P 500" Is A Trademark Of Standard & Poor's Corporation And Has Been Licensed For Use By The SSgA Funds. The Fund Is Not Sponsored, Endorsed, Sold Or Promoted By S&P, And S&P Makes No Representation Regarding The Advisability Of Investing In This Fund.**

**PROSPECTUS DATED DECEMBER 17, 1999  
(AS SUPPLEMENTED MAY 2, 2000)**

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## INVESTMENT STRATEGIES AND PRINCIPAL RISKS

### *Investment Objective*

The fund's fundamental investment objective is to seek to replicate the total return of the Standard & Poor's 500 Composite Stock Price Index (the S&P 500 Index).

This objective may be changed only with the approval of a majority of the fund's shareholders as defined in the Investment Company Act of 1940 (the 1940 Act).

### *Principal Investment Strategies*

The fund is not managed according to traditional methods of "active" investment management, which involve the buying and selling of securities based upon economic, financial and market analysis and investment judgment. Instead, the fund utilizes a "passive" investment approach, attempting to replicate the investment performance of its benchmark index through automated statistical analytic procedures.

The fund intends to invest in all 500 stocks in the S&P 500 Index in proportion to their weighting in the S&P 500 Index. The fund may also invest in futures and options. The Index is designed to capture the price performance of a large cross-section of the US publicly traded stock market. To the extent that all 500 stocks cannot be purchased, the fund will purchase a representative sample of the stocks listed in the Index in proportion to their weightings.

To the extent that the fund seeks to replicate the S&P 500 Index using such sampling techniques, a close correlation between the fund's performance and the performance of the Index is anticipated in both rising and falling markets. The fund will attempt to achieve a correlation between the performance of its portfolio and that of the Index of at least 0.95, before deduction of fund expenses. A correlation of 1.00 would represent perfect correlation between portfolio and index performance. It is anticipated that the correlation of the fund's performance to that of the Index will increase as the size of the fund increases.

Notwithstanding any investment strategy described below or any other applicable investment restriction, effective June 1, 2000, the fund may invest substantially all of its investable assets in a management investment company with substantially the same investment objectives, policies and restrictions as the fund.

In this structure, the fund will be a "feeder" fund that invests exclusively in a corresponding "master" portfolio with identical investment objectives. The master portfolio may accept investments from multiple feeder funds, which bear the master portfolio's expenses in proportion to their assets.

Each feeder fund and its master portfolio expect to maintain consistent investment objectives, but if they do not, the fund will withdraw from the master portfolio, receiving either cash or securities in exchange for its interest in the master portfolio. The fund's trustees would then consider whether

the fund should hire its own investment adviser, invest in a different master portfolio, or take other action.

### *Principal Risks of Investing in the Fund*

Investment in the fund, like any investment, has risks. Fund shares will rise and fall in value and there is a risk you could lose money by investing in the fund. There can be no assurance that the fund will achieve its objective. An investment in the fund is not a deposit of any bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

**Large Capitalization Stocks.** The fund's emphasis on large-cap stocks makes it susceptible to the business risks of larger companies, which usually cannot change as quickly as smaller companies in response to competitive challenges. Larger companies also tend not to be able to maintain the high growth rates of well-managed smaller companies, especially during strong economic periods.

### **Investments in the Other Investment Company Funds.**

Effective June 1, 2000, the investments of the fund may be concentrated in the shares of another investment company with substantially the same investment objectives, policies and restrictions as the fund. In that case, the fund's investment performance is directly related to the investment performance of the investment company shares that it holds (the "Master Fund"). The ability of the fund to meet its investment objective is directly related to the ability of the Master Fund to meet its objective. There can be no assurance that the investment objective of the fund or the Master Fund will be achieved.

**Affiliated Persons.** SSgA and the officers and trustees of the fund also serve as investment advisor, officers and trustees, respectively, of the Master Fund. Therefore, conflicts may arise as these persons fulfill their fiduciary responsibilities to the fund and the Master Fund. The Trustees believe they have structured the fund to avoid these concerns. If a situation arises that may result in a conflict, the Trustees and officers of the fund will carefully analyze the situation and take all necessary steps to minimize or eliminate the potential conflicts.

**Equity Securities.** The value of equity securities will rise and fall in response to the activities of the company that issued the stock, general market conditions, and/or economic conditions.

**Tracking Models.** The success of a fund's principal investment strategy depends on the Advisor's skill in designing and using its model to track the S&P 500 Index. The fund is not managed according to traditional methods of "active" investment management. Instead, the fund attempts to duplicate the investment performance of its benchmark index through automated statistical analytic procedures.

**Risks of Futures and Options.** There are certain investment risks in using derivatives, such as futures contracts and options on futures, as a hedging technique. Loss can result

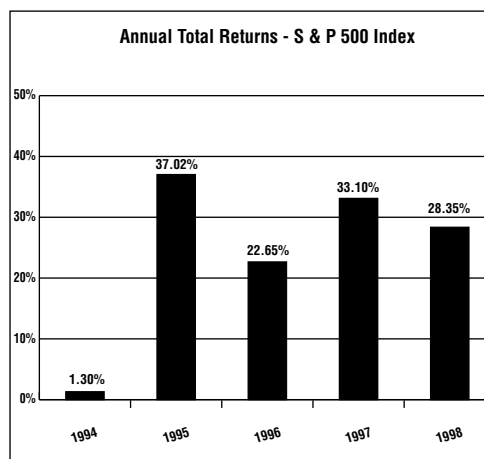
from a lack of correlation between changes in the value of derivative instruments and the portfolio assets (if any) being hedged, the potential illiquidity of the markets for derivative instruments or risks arising from margin requirements and related leverage factors associated with such transactions. The use of these management techniques also involves the risk of loss if the Advisor is incorrect in its expectation of fluctuations in securities prices, interest rates or currency prices.

**Year 2000.** The SSgA Funds' operations depend on the smooth functioning of its service providers' computer systems. The SSgA Funds and its shareholders could be adversely affected if those computer systems do not properly process and calculate date-related information on or after January 1, 2000. Many computer software systems in use today cannot distinguish between the year 2000 and the year 1900. Although year 2000 related computer problems could have a negative effect on the SSgA Funds and its shareholders, the service providers have advised the SSgA Funds that they are working to avoid such problems and expect all systems to be adapted in time for the event. Because it is the obligation of those service providers to ensure the proper functioning of their computer systems, the SSgA Funds do not expect to incur any material expense in connection with year 2000 preparations.

**Index Correlation.** The fund's ability to achieve significant correlation between the fund and S&P 500 Index performance may be affected by changes in securities markets, changes in the composition of the Index and the timing of purchases and redemptions of fund shares. The fund's management team will monitor correlation. Should the fund fail to achieve an appropriate level of correlation, State Street Global Advisors, the fund's Advisor, will report to the Board of Trustees, which will consider alternative arrangements.

## Risk and Return

The following bar chart illustrates the risks of investing in the fund by showing changes in the fund's performance from year to year over the life of the fund. How the fund has performed in the past is not necessarily an indication of how the fund will perform in the future.



Best Quarter—December 31, 1998: 21.24%

Worst Quarter—September 30, 1998: (9.97%)

Current Fiscal Quarter—August 31, 1999: 1.71%

The following table further illustrates the risks of investing in the fund by showing how the fund's average annual returns for 1 and 5 years and since the fund's inception compare to the returns of a broad-based securities market index.

### Average Annual Total Returns For the Periods Ended December 31, 1998:

	<u>1 Year</u>	<u>5 Years</u>	<u>Inception</u>
S&P 500 Index Fund	28.35%	23.80%	21.32%
S&P 500 Index	28.58	24.06	21.62

## FEES AND EXPENSES OF THE FUND

This table describes the fees and expenses that you may pay if you buy and hold shares of the fund.

### Shareholder Fees *(fees paid directly from your investment)*

Maximum Sales Charge (Load) Imposed on Purchases	None
Maximum Deferred Sales Charge (Load)	None
Maximum Sales Charge (Load) Imposed on Reinvested Dividends or Other Distributions	None
Redemption Fee	None
Exchange Fee	None
Maximum Account Fee	None

### Annual Fund Operating Expenses

*(expenses that are deducted from fund assets)*

*(as a percentage of average daily net assets)*

Management/Custody/Administration Fee <sup>1</sup>	.045%
Distribution and Service (12b-1) Fees <sup>1,2</sup>	.090
Other Expenses <sup>1</sup>	.057
Gross Expenses	.192
Less Contractual Management Fee Reimbursement	(.012)
Total Net Annual Fund Operating Expenses <sup>1</sup>	.180%

<sup>1</sup> The Advisor has contractually agreed to reimburse the fund for all expenses in excess of .18% of average daily net assets on an annual basis until December 31, 2002. The Total annual expenses shown above have been restated to reflect current fees and the reimbursement.

<sup>2</sup> The ratio includes .04% for 12b-1 Distribution and .05% for 12b-1 Shareholder Servicing Fees.

### Example

**This example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds.**

**The example assumes that you invest \$10,000 in the fund for the time periods indicated, and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions, your costs would be:**

<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
<u>\$18</u>	<u>\$58</u>	<u>\$157</u>	<u>\$356</u>

Investors purchasing fund shares through a financial intermediary, such as a bank or an investment advisor, may also be required to pay additional fees for services provided by the intermediary. Such investors should contact the intermediary for information concerning what additional fees, if any, will be charged.

Long-term shareholders of the fund may pay more in Rule 12b-1 fees than the economic equivalent of the maximum front-end sales charge permitted by the National Association of Securities Dealers, Inc.

## MANAGEMENT OF THE FUND

**Investment Advisor.** State Street Bank and Trust Company (State Street or Advisor), 225 Franklin Street, Boston, Massachusetts 02110, serves as the investment advisor for the fund and directs the investment of the fund in accordance with the fund's investment objective, policies and restrictions.

State Street is one of the largest providers of securities processing and record keeping services for US mutual funds and pension funds. State Street Global Advisors ("SSgA") is the investment management business of State Street, a 200-year old pioneer and leader in the world of financial services. State Street is a wholly-owned subsidiary of State Street Corporation, a publicly held bank holding company. State Street, with over \$582 billion under management as of October 19, 1999, provides complete global investment management services from offices in North America, South America, Europe, Asia, Australia and the Middle East.

For these services, the fund pays State Street an annual management fee, calculated daily and paid monthly, of 0.00% (after fee waiver and reimbursement) of the average daily net asset value of the fund.

Mr. James B. May, Principal, has been with State Street since 1989. Before joining the Global Structured Products Group as a portfolio manager in January 1994, Mr. May served as a Senior Investment Support Analyst for the US Structured Products Group. Mr. May has been the lead portfolio manager for this fund since May 1995. Mr. May has been a portfolio manager in the US Structured Products Group of State Street since January 1994. He holds a BS in Finance from Bentley College and his MBA from Boston College. There are five other members of the team who assist Mr. May with the management of the fund.

## ADDITIONAL INFORMATION ABOUT THE FUND'S OBJECTIVES, INVESTMENT STRATEGIES AND RISKS

The investment objective of the fund as stated above may only be changed with shareholder approval. The investment policies described below reflect the fund's current practices. In addition to the principal risks explained above, other risks are explained in some of the descriptions of the investment policies below:

**S&P 500 Index.** The fund attempts to replicate the return of the S&P 500 Index and invests in all 500 stocks in the Index. The S&P 500 Index is composed of 500 common stocks which are chosen by Standard & Poor's Corporation ("Standard & Poor's") to best capture the price performance of a large cross-section of the US publicly traded stock market. The Index is structured to approximate the general distribution of industries in the US economy. The inclusion of a stock in the S&P 500 Index in no way implies that Standard & Poor's believes the stock to be an attractive investment, nor is Standard & Poor's a sponsor or in any way affiliated with the fund. The 500 securities, most of which trade on the New York Stock Exchange,

represent approximately 75% of the market value of all US common stocks. Each stock in the S&P 500 Index is weighted by its market capitalization. That is, each security is weighted by its total market value relative to the total market values of all the securities in the Index. Component stocks included in the S&P 500 Index are chosen with the aim of achieving a distribution at the index level representative of the various components of the US GNP and therefore do not represent the 500 largest companies. Aggregate market value and trading activity are also considered in the selection process. A limited percentage of the Index may include foreign securities.

**Futures Contracts and Options on Futures.** To equitize cash the fund may enter into futures contracts that relate to securities in which they may directly invest and indices comprised of such securities and may purchase and write call and put options on such contracts. The fund may also purchase futures and options if cheaper than the underlying stocks. This will enable the fund to facilitate demand for same day redemptions.

A financial futures contract is a contract to buy or sell a specified quantity of financial instruments such as US Treasury bills, notes and bonds, commercial paper and bank certificates of deposit or the cash value of a financial instrument index at a specified future date at a price agreed upon when the contract is made. A stock index futures contract is a contract to buy or sell specified units of a stock index at a specified future date at a price agreed upon when the contract is made. The value of a unit is based on the current value of the contract index. Under such contracts no delivery of the actual stocks making up the index takes place. Rather, upon expiration of the contract, settlement is made by exchanging cash in an amount equal to the difference between the contract price and the closing price of the index at expiration, net of variation margin previously paid.

Substantially all futures contracts are closed out before settlement date or called for cash settlement. A futures contract is closed out by buying or selling an identical offsetting futures contract. Upon entering into a futures contract, a fund is required to deposit an initial margin with the Custodian for the benefit of the futures broker. The initial margin serves as a "good faith" deposit that the fund will honor its futures commitments. Subsequent payments (called "variation margin") to and from the broker are made on a daily basis as the price of the underlying investment fluctuates.

Options on futures contracts give the purchaser the right to assume a position at a specified price in a futures contract at any time before expiration of the option contract. When trading futures contracts, the fund will not commit more than 5% of the market value of its total assets to initial margin deposits on futures and premiums paid for options on futures.

There are certain investment risks in using futures contracts. Such risks may include: (1) the inability to close out a futures contract caused by the nonexistence of a liquid secondary market; and (2) an imperfect correlation between price movements of the futures contracts or option with price movements of the portfolio securities or securities index.



**American Depositary Receipts (ADRs).** The common stocks the fund may invest in include American Depositary Receipts (ADRs). ADRs represent the right to receive securities of foreign issuers deposited in a domestic bank or a correspondent bank. ADRs do not eliminate the risk inherent in investing in the securities of foreign issuers, such as less publicly available information; lack of uniform accounting, auditing and financial reporting standards, practices and requirements; lower trading volume, less liquidity and more volatility for securities; less government regulation of securities exchanges, brokers and listed companies; political or social instability; and the possibility of expropriation or confiscatory taxation, each of which could adversely affect investment in such securities. For purposes of the fund's investment policies, the fund's investment in ADRs and similar instruments will be deemed to be investments in the equity securities representing securities of foreign issuers into which they may be converted.

## SHAREHOLDER INFORMATION

### *Purchase of Fund Shares*

**Distribution and Eligible Investors.** Shares of the funds are offered without a sales commission by Russell Fund Distributors, Inc. (the Distributor), to institutional and retail investors which invest for their own account or in a fiduciary or agency capacity.

**Minimum Initial and Subsequent Investments and Account Balance.** The fund requires a minimum initial investment of \$10,000, with the exception of IRA accounts, for which the minimum initial investment is \$250. Subsequent investments must be at least \$100. An investment in the fund (other than IRA accounts) may be subject to redemption at the fund's discretion if the account balance is less than \$10,000 as a result of shareholder redemptions. The Transfer Agent will give shareholders 60 days' notice that the account will be closed unless an investment is made to increase the account balance to the \$10,000 minimum. Failure to bring the account balance to \$10,000 may result in the Transfer Agent closing the account at the net asset value ("NAV") next determined on the day the account is closed and mailing the proceeds to the shareholder's address shown on the Transfer Agent's records. Shareholders with accounts established prior to December 24, 1997 are not subject to the \$10,000 minimum requirements. The fund reserves the right to reject any purchase order. Investors purchasing fund assets through a pension or other participation plan should contact their plan administrator for further information on purchases.

**Purchase Dates and Times.** Fund shares may be purchased on any business day. A business day is one on which the New York Stock Exchange is open for regular trading. All purchases must be made in US dollars. Purchase orders in good form (described below) and payments for fund shares by check or by wire transfer must be received by the Transfer Agent prior to the close of the regular trading session of the New York Stock Exchange, which is ordinarily 4 p.m. Eastern time (the "Pricing Time"), to be effective on the date

received. If an order or payment is received after the Pricing Time, the order will be effective on the next business day. Orders placed through a servicing agent or broker-dealer that has a selling or service agreement with the Distributor or the SSgA Funds must be received by the servicing agent or broker-dealer prior to the Pricing Time.

**Order and Payment Procedures.** There are several ways to invest in the funds. The funds require a purchase order in good form, which consists of a completed and signed Application for each new account, unless the account is opened through a third party which has a signed agreement with the Distributor or the SSgA Funds and does not require a completed application to be submitted to the SSgA Funds. For additional information, including the IRA package, additional Applications or other forms, call the Customer Service Department at 1-800-647-7327, or write: SSgA Funds, P.O. Box 8317, Boston, MA 02266-8317. You may also access this information online at [www.ssgafunds.com](http://www.ssgafunds.com).

**Mail.** For new accounts, please mail the completed Application and check. Additional investments should also be made by check. You must include the fund name and account number on your check, or use the remittance form attached to the confirmation statement (in the return envelope provided). All checks should be made payable to the SSgA Funds or State Street Bank. If using a servicing agent or broker-dealer, please verify with them the proper address or instructions required before writing and mailing your check. All purchase requests should be mailed to one of the following addresses:

<u>Regular Mail:</u>	<u>Registered, Express or Certified Mail:</u>
SSgA Funds	SSgA Funds
P.O. Box 8317	2 Heritage Drive
Boston, MA 02266-8317	North Quincy, MA 02171

All purchases made by check should be in US dollars from a US bank. Third party checks and checks drawn on credit card accounts will not be accepted.

**Telephone Exchange Privilege.** You may exchange a minimum of \$100 of your shares for shares of any other SSgA Fund, as long as the minimum investment requirement is met. The fund offers this service without charge. To use this option, contact the Customer Service Department at 1-800-647-7327. Shares are exchanged on the basis of relative net asset value per share on the business day on which the call is placed or upon written receipt of instructions in good form by the Transfer Agent. Exchanges may be made over the phone if the registrations of the two accounts are identical. If you purchased shares of the fund by check, the shares must have been present in your account for 15 days before the exchange is made. The exchange privilege will only be available in states which permit exchanges and may be modified or terminated by the fund upon 60 days' written notice to shareholders. For Federal income tax purposes, an exchange constitutes a sale of shares, which may result in a capital gain or loss. Please contact your tax advisor.

Management believes that market timing strategies may be disruptive to the fund. For this reason, the Investment Company

reserves the right to refuse or restrict an exchange by any person if the Investment Company reasonably believes that an exchange is part of a market timing strategy and that the fund may be adversely affected by the exchange. Although the Investment Company will attempt to give you prior notice whenever it is reasonably able to do so, it may impose these restrictions at any time. Of course, your right to redeem shares would be unaffected by these restrictions.

Each fund reserves the right to terminate or modify the exchange privilege in the future.

**Federal Funds Wire.** You may make initial or subsequent investments by wiring federal funds to State Street, as Transfer Agent, by:

1. Telephoning the Customer Service Department at 1-800-647-7327 between 8 a.m. and 4 p.m. Eastern time, and stating: (a) your account registration number, address and social security or tax identification number; (b) the name of the fund in which the investment is to be made and the account number; and (c) the exact amount being wired.
2. Instructing the wiring bank to wire federal funds to:  
State Street Bank and Trust Company  
225 Franklin Street, Boston, MA 02110  
ABA #0110-0002-8  
DDA #9904-631-0  
SSgA (Name of Fund) Fund(s)  
Account Number and Registration  
Dollar Amount Per Account (if one wire is to cover more than one purchase)

If all wires, checks and transfers are not identified properly as instructed above, the Transfer Agent may delay, reject and/or incorrectly apply the settlement of your purchase. Any wires received at State Street Bank without a corresponding call into the Customer Service Department will be purchased as indicated on the wire at the next determined net asset value and will earn the dividend declared on the next business day.

If all wires, checks and transfers are not identified properly as instructed above, the Transfer Agent may delay, reject and/or incorrectly apply the settlement of your purchase. Any wires received at State Street Bank without a corresponding call into the Customer Service Department will be purchased as indicated on the wire at the next determined net asset value and will earn the dividend declared on the next business day.

**Automatic Investment Plan.** Once the initial investment has been made, you may make subsequent investments of \$100 or more monthly, quarterly or annually by direct deposit through Automatic Clearing House (ACH) by debiting your bank checking account. Please complete the appropriate section of the Application and attach a voided personal check to correctly code your account with the bank instructions. Once this option has been established, you may call the Customer Service Department at 1-800-647-7327 prior to 3 p.m. Eastern time to make additional automatic purchases, to change the amount of the existing automatic purchase, or to stop it.

Shares will be purchased at the offering price next determined following receipt of the order by the Transfer Agent.

**Systematic Exchange.** The fund offers the option of having \$100 or more exchanged within the SSgA Funds for accounts with identical registrations. You can choose the date, the frequency (monthly, quarterly or annually) and the amount. Exchanges may be done among the SSgA Funds once the minimum initial investment per fund has been satisfied.

**Third Party Transactions.** If you are purchasing fund shares through a program of services offered by a financial intermediary, such as a bank, broker-dealer, investment advisor or others, you may be required by the intermediary to pay additional fees. You should contact the intermediary for information concerning what additional fees, if any, may be charged.

**In-Kind Exchange of Securities.** The fund may, at its discretion, permit you to purchase shares through the exchange of other securities you own. Any securities exchanged must meet the following criteria:

1. The investment objective, policies and limitations must match that of the fund;
2. They must have a readily ascertainable market value;
3. They must be liquid;
4. They must not be subject to restrictions on resale; and
5. The market value of any securities exchanged, plus any cash, must be at least \$25 million; the fund reserves the right to make exceptions to this minimum at its discretion.

Shares purchased in exchange for securities generally may not be redeemed or exchanged until the transfer has settled—within 3 business days following the purchase exchange.

The basis of the exchange will depend upon the relative net asset value of the shares purchased and securities exchanged. Securities accepted by the fund will be valued in the same manner as the fund values its assets. Any interest earned on the securities following their delivery to the Transfer Agent and prior to the exchange will be considered in valuing the securities. All interest, dividends subscription or other rights attached to the securities become the property of the fund, along with the securities.

### ***Redemption of Fund Shares***

Fund shares may be redeemed on any business day at the net asset value next determined after the receipt of a redemption request in good order by following one of the methods described below. Typically, payments will be made as soon as possible (but will ordinarily not exceed seven days) and will be mailed to your address of record. Upon request, redemption proceeds will be wire transferred to your account at a domestic commercial bank that is a member of the Federal Reserve System. If you purchased fund shares by check or an automatic investment program (AIP) and you elect to redeem shares within 15 days of the purchase, you may experience delays in receiving redemption proceeds. In this case, the fund will generally postpone sending redemption proceeds until it can verify that the check or AIP investment has been collected. There will be no such delay for redemptions following investments paid by federal



funds wire or by bank cashier's check, certified check or treasurer's check.

Redemption requests must be received prior to 4 p.m. Eastern time in order to be effective on the date received. Shareholder servicing agents with underlying shareholders in omnibus accounts who receive redemption requests by 4 p.m. Eastern time may transmit the request to the Transfer Agent by 9 a.m. Eastern time the next business day to receive the net asset value and dividend as of the prior business day, pursuant to a duly executed Shareholder Servicing Agreement with the SSgA Funds or the Distributor.

**Telephone Redemption.** Shareholders may normally redeem fund shares by telephoning the Customer Service Department at 1-800-647-7327 between 8 a.m. and 4 p.m. Eastern time. You must complete the appropriate section of the application and attach a voided check to code your account correctly with the bank information before utilizing this feature. The fund and the Transfer Agent will employ reasonable procedures to confirm that instructions communicated by telephone are properly authorized. Neither the fund, the Distributor nor the Transfer Agent will be responsible for any loss or expense for executing instructions that are deemed to be authorized and genuine after following reasonable procedures. These procedures include recording telephonic instructions, mailing to the shareholder a written confirmation of the transaction, performing a personal identity test with private information not likely to be known by other individuals, and restricting mailing of redemptions to your address of record, if the address has not been changed within 60 days of the redemption request. To the extent the Transfer Agent fails to use reasonable procedures as a basis for its belief, it and/or its service contractors may be liable for telephone instructions that prove to be fraudulent or unauthorized. The fund, the Distributor or the Transfer Agent will be responsible for the authenticity of terminal access instructions only if it acts with willful misfeasance, bad faith or gross negligence.

**By Wire.** Proceeds exceeding \$1,000 may be sent via wire transfer to your bank as previously indicated on your application or letter of instruction in good order. The shares will be redeemed from the account on the day the redemption instructions are received and the proceeds wire will be sent the following business day. Although the fund does not charge a fee for this feature, your bank may charge a fee for receiving the wire. Please check with your bank before requesting this feature. If bank instructions are not indicated on the account, a signature guaranteed letter of instruction is required to add the bank information to send proceeds via wire.

**Systematic Withdrawal Plan by Check.** If your account balance is over \$10,000, you may request periodic cash withdrawals automatically be paid to you or any person you designate. If the checks are returned to the fund as undeliverable or remain uncashed for six months or more, the systematic withdrawal plan will be cancelled and the amount will be reinvested in the relevant fund at the per share net asset value determined as of the date of the cancellation of the checks.

No interest will accrue on the amounts represented by the uncashed distributions or redemption checks.

**Systematic Withdrawal Plan by ACH.** You may make automatic withdrawals of \$100 or more by completing the appropriate sections of the Application and attaching a voided check to code your account correctly with the bank information. You may also choose to establish this option with pre-designated withdrawal dates and amounts, if the account balance is over \$10,000 or by calling the Customer Service Department at 1-800-647-7327, prior to 3 p.m. Eastern time, requesting the withdrawal. Withdrawals by telephone do not require a minimum account balance provided the fund's minimum investment is maintained.

Please note that proceeds from ACH withdrawals will be transmitted to the investor's bank two days after the withdrawal.

**Check.** Proceeds less than \$50,000 may be mailed only to the address shown on the Transfer Agent's registration record, provided that the address has not been changed within 60 days of the redemption request. Shares will be redeemed using that day's closing price. All proceeds by check will normally be sent the following business day. A check is not available for telephone redemption requests in excess of \$50,000. Requests must be in writing.

**During periods of drastic economic or market changes, shareholders using this method may encounter delays.**

**Mail.** In certain circumstances, a shareholder will need to make a request to sell shares in writing (please use the addresses for purchases by mail listed under "Purchase of Fund Shares"). The shareholder may need to include additional items with the request, as shown in the table below. Shareholders may need to include a signature guarantee, which protects them against fraudulent orders. A signature guarantee will be required if:

1. Your address of record has changed within the past 60 days;
2. You are redeeming more than \$50,000 worth of shares; or
3. You are requesting payment other than by a check mailed to the address of record and payable to the registered owner(s).

Signature guarantees can usually be obtained from the following sources:

1. A broker or securities dealer, registered with a domestic stock exchange;
2. A federal savings, cooperative or other type of bank;
3. A savings and loan or other thrift institution;
4. A credit union; or
5. A securities exchange or clearing agency.

Please check with the institution prior to signing to ensure that they are an acceptable signature guarantor. A NOTARY PUBLIC CANNOT PROVIDE A SIGNATURE GUARANTEE.

<u>Seller</u>	<u>Requirements for Written Requests</u>
Owner of individual, joint, sole proprietorship, UGMA/UTMA (custodial accounts for minors) or general partner accounts	<ul style="list-style-type: none"> <li>• Letter of instruction, signed by all persons authorized to sign for the account stating general titles/capacity, exactly as the account is registered; and</li> <li>• Signature guarantee, if applicable (see above).</li> </ul>
Owners of corporate or association accounts	<ul style="list-style-type: none"> <li>• Letter of instruction signed by authorized person(s), stating capacity as indicated by the corporate resolution;</li> <li>• Corporate resolution, certified within the past 90 days; and</li> <li>• Signature guarantee, if applicable (see above).</li> </ul>
Owners or trustees of trust accounts	<ul style="list-style-type: none"> <li>• Letter of instruction, signed by all trustees;</li> <li>• If the trustees are not named in the registration, please provide a copy of the trust document certified within the past 60 days; and</li> <li>• Signature guarantee, if applicable (see above).</li> </ul>
Joint tenancy shareholders whose co-tenants are deceased	<ul style="list-style-type: none"> <li>• Letter of instruction signed by surviving tenant(s);</li> <li>• Certified copy of the death certificate; and</li> <li>• Signature guarantee, if applicable (see above).</li> </ul>

Please contact the Customer Service Department at 1-800-647-7327 for questions and further instructions.

The fund may pay any portion of the redemption amount in excess of \$25 million by a distribution in kind of readily marketable securities from the portfolio of the fund in lieu of cash. You will incur brokerage charges and may incur other fees on the sale of these portfolio securities. In addition, you will be subject to the market risks associated with such securities until such time as you choose to dispose of the security. The fund reserves the right to suspend the right of redemption or postpone the date of payment if emergency conditions, as specified in the 1940 Act or as determined by the Securities and Exchange Commission, should exist.

#### ***Distribution Services and Shareholder Servicing Arrangements***

The fund has adopted a distribution plan pursuant to Rule 12b-1 (the Plan) under the Investment Company Act of 1940. The Plan allows the fund to pay distribution and other fees for the sale and distribution of fund shares and for services provided to shareholders. Because these fees are paid out of fund assets on an ongoing basis, over time these fees will increase the cost of

your investment and may cost you more than paying other types of sales charges. Payments to the Distributor, as well as payments from the fund to service organizations providing shareholder services to the fund, are not permitted by the Plan to exceed .25% of a fund's average net asset value per year. Any payments that are required to be made to the Distributor or service organization that cannot be made because of the .25% limitation may be carried forward and paid in the following two fiscal years so long as the Plan is in effect.

Service organizations providing shareholder services to the fund will be responsible for prompt transmission of purchase and redemption orders and may charge you a fee for their services.

#### ***Pricing of Fund Shares***

The fund determines the price per share once each business day at 4:00 p.m. Eastern time, or the close of regular trading on the New York Stock Exchange, if earlier. The price is computed by dividing the current value of the fund's assets, less its liabilities, by the number of shares of the fund outstanding and rounding to the nearest cent.

The fund values portfolio securities at market value. The fund values securities for which market quotations are not readily available at fair value, as determined in good faith pursuant to procedures established by the Board of Trustees.

Debt obligation securities maturing within 60 days of the valuation date are valued at amortized cost unless the Board determines that the amortized cost method does not represent market value.

#### ***Dividends and Distributions***

The Board of Trustees intends to declare and pay dividends on shares of the fund quarterly from net investment income. Distributions will be made at least annually from net short- and long-term capital gains, if any, generally in mid-October. It is intended that an additional distribution may be declared and paid in December if required for the fund to avoid the imposition of a 4% federal excise tax on undistributed capital gains.

Dividends declared in October, November or December and payable to shareholders of record in such months will be deemed for Federal income tax purposes to have been paid by the fund and received by shareholders on December 31 of that year if the dividend is paid prior to February 1 of the following year.

Income dividends and capital gains distributions will be paid in additional shares at their net asset value on the record date unless you have elected to receive them in cash. You may make this election by giving 30 days' written notice to the Transfer Agent. If it is determined that the US Postal Service cannot properly deliver fund mailings to you, or if a check remains uncashed for at least six months, the cash election will be changed automatically. Future dividends and other distributions will be reinvested in additional shares of the relevant fund until you notify the SSgA Funds in writing of the correct address. You must also request in writing that the

election to receive dividends and other distributions in cash be reinstated. In addition, following the six-month period, any undeliverable or uncashed checks will be cancelled and the amounts will be reinvested in the relevant fund at the per share net asset value determined as of the date of cancellation of the checks. No interest will accrue on the amounts represented by the uncashed distribution or redemption checks.

Any dividend or capital gain distribution paid by the fund shortly after a purchase of shares will reduce the per share net asset value of the fund by the amount of the dividend or distribution. In effect, the payment will represent a return of capital to the shareholder. However, you will be subject to taxes with respect to such dividend or distribution.

**Distribution Option.** You can choose from four different distribution options as indicated on the account Application:

- **Reinvestment Option**—Dividends and capital gains distributions will be automatically reinvested in additional shares of the fund. If you do not indicate a choice on the Application, this option will be automatically assigned.
- **Income-Earned Option**—Capital gain distributions will be automatically reinvested, but a check or wire will be sent for each dividend distribution.
- **Cash Option**—A check, wire or direct deposit will be sent for each dividend and capital gain distribution.
- **Direct Dividends Option**—Dividends and capital gain distribution will be automatically invested in another identically registered SSgA Fund.

Distributions will be sent to a pre-designated bank by the Automatic Clearing House by the payable date, if the Cash Option is selected. If you chose cash option and requested a check, the check will be mailed to you.

### **Taxes**

Dividends from net investment income and distributions of net short-term capital gains are taxable to you as ordinary income under federal income tax laws whether paid in cash or in additional shares. Distributions from net long-term gains are taxable as long-term gains regardless of the length of time you have held the shares and whether you were paid in cash or additional shares.

The fund's distributions, whether received as cash or reinvested in additional shares of the fund, may be subject to federal income taxes. Dividends and distributions may also be subject to state or local taxes. Depending on the tax rules in the state in which you live, a portion of the dividends paid by the fund attributable to direct obligations of the US Treasury and certain agencies may be exempt from state and local taxes.

Selling (including an exchange of) your fund shares is a taxable event and may result in capital gain or loss. A capital gain or loss may be realized from an ordinary redemption of shares or an exchange of shares between two mutual funds (or two series

of portfolios of a mutual fund). Any loss incurred on the sale or exchange of fund shares held for six months or less will be treated as a long-term loss to the extent of long-term capital gain dividends received with respect to such shares.

You will be notified after each calendar year of the amount of income dividends and net capital gains distributed. You will also be advised of the percentage, if any, of the dividends by the fund that are exempt from federal income tax and the portion, if any, of those dividends that is a tax preference item for purposes of the alternative minimum tax. The fund is required to withhold a legally determined portion of all taxable dividends, distributions and redemption proceeds payable to any noncorporate shareholder that does not provide the fund with the shareholder's correct taxpayer identification number or certification that the shareholder is not subject to backup withholding.

**Foreign Income Taxes.** Investment income received by the fund from sources within foreign countries may be subject to foreign income taxes withheld at the source. The United States has entered into tax treaties with many foreign countries which would entitle the fund to a reduced rate of such taxes or exemption from taxes on such income. It is impossible to determine the effective rate of foreign tax for the fund in advance since the amount of the assets to be invested within various countries is not known.

Foreign shareholders should consult with their tax advisors as to if and how the federal income tax and its withholding requirements applies to them.

If more than 50% in value of a fund's total assets at the close of any taxable year consists of securities of foreign corporations, the fund may file an election with the Internal Revenue Service (the Foreign Election) that would permit you to take a credit (or a deduction) for foreign income taxes paid by the fund. The fund may be subject to certain holding requirements with respect to securities held to take advantage of this credit. If the Foreign Election is made, you would include in you gross income both dividends received from the fund and foreign income taxes paid by the fund. You would be entitled to treat the foreign income taxes withheld as a credit against your United States federal income taxes, subject to the limitations set forth in the Internal Revenue Code with respect to the foreign tax credit generally. Alternatively, you could treat the foreign income taxes withheld as a deduction from gross income in computing taxable income rather than as a tax credit. It is anticipated that the fund will qualify to make the Foreign Election; however, the fund cannot be certain that it will be eligible to make such an election or that you will be eligible for the foreign tax credit.

The tax discussion in this prospectus is only a summary of certain federal income tax issues generally affecting the fund and its shareholders. Circumstances among investors may vary, so you are encouraged to discuss investment in the fund with your tax advisor.

## FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand a fund's financial performance for the past 5 years. Certain information reflects financial results for a single fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in a fund (assuming reinvestment of all dividends and distributions). This information has been audited by PricewaterhouseCoopers LLP, whose report, along with the fund's financial statements, are included in the annual report, which is available upon request by calling the Distributor at 1-800-647-7327.

	Fiscal Years Ended August 31,				
	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
NET ASSET VALUE, BEGINNING OF PERIOD	<u>\$19.42</u>	<u>\$18.96</u>	<u>\$14.41</u>	<u>\$12.81</u>	<u>\$10.89</u>
INCOME FROM OPERATIONS:					
Dividends from net investment income <sup>1</sup>	.29	.31	.32	.32	.29
Dividends from net realized and unrealized gain (loss)	<u>6.74</u>	<u>1.18</u>	<u>5.22</u>	<u>1.98</u>	<u>1.95</u>
Total From Operations	<u>7.03</u>	<u>1.49</u>	<u>5.54</u>	<u>2.30</u>	<u>2.24</u>
DISTRIBUTIONS:					
From net investment income	(.29)	(.32)	(.32)	(.31)	(.29)
From net realized gain on investment	<u>(2.42)</u>	<u>(.71)</u>	<u>(.67)</u>	<u>(.39)</u>	<u>(.03)</u>
Total Distributions	<u>(2.71)</u>	<u>(1.03)</u>	<u>(.99)</u>	<u>(.70)</u>	<u>(.32)</u>
NET ASSET VALUE, END OF PERIOD	<u>\$23.74</u>	<u>\$19.42</u>	<u>\$18.96</u>	<u>\$14.41</u>	<u>\$12.81</u>
TOTAL RETURN (%)	39.52	7.91	40.30	18.46	21.11
RATIOS/SUPPLEMENTAL DATA					
Net assets, end of period (\$000 omitted)	2,673,963	1,615,913	1,299,571	704,683	545,200
Ratios to average net assets (%):					
Operating expenses, net <sup>2</sup>	.18	.17	.16	.18	.19
Operating expenses, gross <sup>2</sup>	.28	.27	.26	.28	.29
Net investment income	1.29	1.50	2.00	2.32	2.76
Portfolio turnover (%)	13.80	26.17	7.54	28.72	38.56

<sup>1</sup> For the period subsequent to August 31, 1998, average month-end shares outstanding were used for this calculation.

<sup>2</sup> See Note 4 of the Annual Report for current period amounts.

## **INFORMATION REGARDING STANDARD & POOR'S CORPORATION**

“Standard & Poor’s,” “S&P,” “Standard & Poor’s 500,” and “500” are trademarks of Standard & Poor’s and have been licensed for use by SSgA Fund. The fund is not sponsored, endorsed, sold or promoted by Standard & Poor’s. Standard & Poor’s makes no representation or warranty, express or implied, to the shareholders of the fund regarding the advisability of investing in securities generally or in the fund particularly or the ability of the S&P 500 Index to track general stock market performance. Standard & Poor’s only relationship to the fund is the licensing of the trademarks and trade-names of Standard & Poor’s including the S&P 500 Index, which is determined, composed and calculated by Standard & Poor’s without regard to the fund. Standard & Poor’s has no obligation to take the needs of the shareholders of the fund into consideration in determining, composing or calculating this Index. Standard & Poor’s is not responsible for and has not participated in the determination of the prices and amount of the fund or the timing of the issuance or sale of the shares

or in the determination or calculation of the equation by which the shares of the fund are to be redeemed. Standard & Poor’s has no obligation or liability in connection with the administration, marketing or trading of the fund.

Standard & Poor’s does not guarantee the accuracy and/or the completeness of the index or any data included therein and Standard & Poor’s shall have no liability for any errors, omissions, or interruptions therein. Standard & Poor’s makes no warranty, express or implied, as to results to be obtained by the fund or the shareholders of the fund or any other person or entity from the use of the index or any data included therein. Standard & Poor’s makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the index or any data included therein. Without limiting any of the foregoing, in no event shall Standard & Poor’s have any liability for any special, punitive, indirect, or consequential damages (including lost profits) even if notified of the possibility of such damages.



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## **SSgA FUNDS**

SSgA Money Market Fund

SSgA US Government Money Market Fund

SSgA Tax Free Money Market Fund

SSgA Yield Plus Fund

SSgA Intermediate Fund

SSgA Bond Market Fund

SSgA High Yield Bond Fund

SSgA Growth and Income Fund

SSgA S&P 500 Index Fund

SSgA Matrix Equity Fund

SSgA Small Cap Fund

(Closed to new investors as of August 31, 1998)

SSgA Special Equity Fund

SSgA Tuckerman Active REIT Fund

SSgA Aggressive Equity Fund

SSgA IAM SHARES Fund

SSgA Emerging Markets Fund

SSgA Active International Fund

SSgA International Growth Opportunities Fund

SSgA Life Solutions Growth Fund

SSgA Life Solutions Balanced Fund

SSgA Life Solutions Income and Growth Fund

## **ADDITIONAL INFORMATION ABOUT THE FUND**

A Statement of Additional Information includes additional information about the fund. The Statement of Additional Information is incorporated into this Prospectus by reference.

Additional information about the fund's investments is available in the fund's annual and semi-annual reports to shareholders. In each fund's annual report, you will find a discussion of the market conditions and investment strategies that significantly affected the fund's performance during its last fiscal year.

The Statement of Additional Information and the fund's annual and semi-annual reports are available, without charge, upon request. To request a Statement of Additional Information, the fund's annual or semi-annual report, other information about the fund or to make any shareholder inquiry, please contact the fund at:

Russell Fund Distributors, Inc.  
One International Place  
Boston, Massachusetts 02110  
1-800-997-7327

You also can review and copy information about the fund, including the Statement of Additional Information, at the Securities and Exchange Commission's Public Reference Room in Washington, D.C. You can receive information on the operation of the Public Reference Room by calling 1-800-SEC-0330. Copies also may be obtained, upon payment of a duplicating fee, by writing the Securities and Exchange Commission's Public Reference Section, Washington, D.C. 20549-6009. The SEC also maintains a website ([www.sec.gov](http://www.sec.gov)) that contains the Statement of Additional Information and other information about the fund. You may also access the SSgA Funds' website at [www.ssgafunds.com](http://www.ssgafunds.com).

SSgA Funds' Investment Company Act File No. 811-5430